

TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	2
SUMMARY OF FINDINGS AND RECOMMENDATIONS	
Items Purchased that were not Included in the Contract Budget	2-3
Improper Allocation of Employees' Time	3
Allowable Costs not Billed	3
Undocumented Costs	3
Costs Billed that were Outside of the Contract	3
Subcontracts	4
Eligibility	4

INTRODUCTION

The Office of Internal Audit performed an audit of 5 of the 24 Before and After School Programs (BA) that were operated by agencies who contracted with the Family Independence Agency (FIA) in FY 2002. The total amount of contracts awarded to the 24 agencies was \$13,642,039.26. The total amount of the contracts awarded to the 5 agencies included in our audit was \$1,189,512.95. As of July 11, 2002, FIA had made total payments of \$8,277,560.29 to the 24 agencies, with \$672,310.36 going to agencies included in our audit.

The purpose of the BA Program was to provide an After-School Program for TANF eligible children in grades K-9. The contract agencies provided activities such as academic development, computer labs, tutoring, parent and student social activities and events, student clubs for hobbies and interests, leadership development, intramural sports, life skills programs, and various types of group discussions. The contracts covered the period August 15, 2001 through June 30, 2002. The Before and After School Program contractors were reimbursed for actual costs incurred through the submission of monthly billings to FIA.

SCOPE

We reviewed each contractor's billing reports to determine if their billings were accurate, and if costs billed were allowable per the terms of the contract, and properly supported by the accounting records and supporting documentation. We also tested to determine if TANF and Survey forms were on file to document eligibility for the students who participated in the program. One of the contractors included in our audit was a fiduciary, who provided administrative services and oversight, but subcontracted with other agencies for the provision of the BA services.

EXECUTIVE SUMMARY

Based on our audit, we concluded that the majority of the contractors' billings were accurate, and costs billed were allowable and properly supported by the accounting records and other supporting documentation. We found some cases where contractors billed for costs that were not included in the contract budget. These costs were incurred for the BA Program, but the contractors did not anticipate the costs and did not include them in their budgets. We also found instances where contractors did not have documentation to support some of the costs charged, or used improper allocation methods. All of our findings that identified over and under billed dollars were for relatively small dollar amounts. In all cases the contractors agreed with our findings, and agreed to either adjust their future billings or have FIA recoup the overbilled amount.

Based on our review of TANF and Survey forms at each provider, we concluded that the forms had been completed for most of the participants.

A summary of our findings and recommendations resulting from our audit of the five contractors follows.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Items Purchased that were not Included in the Contract Budget

1. Three of the 5 contractors we audited billed for costs that were not allowable because they were not included in the contract budget. The total billed by the 3 contractors for these items was \$1,198.49. These items appeared to have been used for the before and after school program, but the contractors did not anticipate needing the items, and did not include them in their budget. We recommended that

the Field Operations Administration make a determination if they wanted to allow a retroactive budget amendment to allow the costs.

Improper Allocation of Employees' Time

2. One of the contractors included in our audit had improperly allocated the time employees spent on the BA program resulting in an overbilled amount of \$1,746. The contractor provided time sheets to support the time spent on the BA program and has agreed to make the appropriate adjustments to their billings to FIA.

Allowable Costs not Billed

3. Two of the 5 contractors underbilled FIA \$644.64 for costs incurred during the first month of their contracts that they omitted from their billings. These costs were allowable according to their contract budgets. We recommended that the 2 contractors bill for these costs before the end of the contract period.

Undocumented Costs

4. Three of the 5 contractors billed a total of \$1,453.63 for which they did not have documentation to support the amount billed or they used improper allocation methods. All three contractors agreed to either adjust their billings to correct for the over charges, or have FIA recoup the funds.

Costs Billed that were Outside of the Contract

5. One of the 5 contractors billed for transportation costs that occurred before the start of the BA program. The overbilled transportation cost was \$558.05. The agency agreed to adjust future billings to adjust for this overbilled cost.

Subcontracts

6. The contractor that was the fiduciary omitted some of the required language from its subcontracts. They indicated that they would ensure that all required language is included in any future subcontracts. In addition, they had one subcontractor that billed on a unit rate basis instead of actual cost, as required by the subcontract. Subsequent to our audit, the subcontractor documented their actual costs, and revised their billings.

Eligibility

7. According to records at the sites we visited, 895 students participated in the program at those 5 sites. We selected a total sample of 424 participants at the 5 sites, and reviewed to determine if TANF and Survey forms for the BA program participants were on file. TANF and Survey forms were to be completed to document the family income level and other statistics relevant to participation in the before and after school program. We found TANF forms for 421 (99.3%) students and Survey forms for 394 (93%) students. Some of the contractors informed us that they were still in the process of getting the forms completed. We also found that the agencies kept attendance records for the classroom and field trip activities.